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## Technical Bulletins: Summary: 1977 Public Works Employment Act

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## technical bulletin

Municipal Technical Advisory Service  
Institute for Public Service, The University of Tennessee  
In cooperation with the Tennessee Municipal League

May 11, 1977

### SUMMARY: 1977 PUBLIC WORKS EMPLOYMENT ACT

MTAS is reproducing for you the latest summary of the new Public Works Bill, expected to become law this week. The bill covers the period up to Dec. 31, 1978, and provides \$4 billion. Essentially, all the money will be spent on the 20,000 applications filed last year in Round I. There are changes, however, in the funding formula and in unemployment area designations.

Call your MTAS district consultant or 615/974-5301 (MTAS headquarters) for further assistance.

The following is reproduced from the May 6, 1977, NLC Washington Report:

#### PUBLIC WORKS BILL SENT TO CARTER

The only remaining step before enactment of the \$4 billion Public Works

Employment Act of 1977 is a signature from the White House, which is expected shortly.

Fast Start Likely. City officials should expect fairly prompt implementation to make up for congressional delays that jeopardized the use of the money during this construction season. EDA plans to publish regulations and a list of substate area planning targets by mid-May. How much time will be given for public review and comment on EDA's procedures or for the full-scale congressional oversight hearings that WR reported earlier is now unknown. The tentative implementation schedule is: announcement of state allocations, May 18; congressional oversight hearings, May 16-18; publication of regulations and substate planning targets, May 24; distribution of resubmission and application forms, May 26-31; and acceptance of resubmitted and new projects, June 1-14. Grant offers will be made between June 15 and Aug. 15.

#### Provisions

Funding. The conference report authorizes an additional \$4 billion in public works funds to be spent by Dec. 31, 1978. Although earlier in the legislative cycle there was a strong possibility of splitting the funds into two rounds--one for obligation before October of this year and one for use on new applications after October--the clear intent now is to spend the entire \$4 billion as soon as possible, mostly on the 20,000 unfunded applications currently on file with EDA.

National Set-asides. Two set-asides of funds

will be taken directly from the \$4 billion before state allocations are calculated:

1. EDA will reserve 2.5 percent of funds, about \$100 million, for Indian tribes and Alaskan native villages. This set-aside was designed to correct the inequities of the first round of local public works (LPW) funding when the extremely high rates of unemployment experienced by Indian tribes created a severe disadvantage for local governments in western and northern tier states. The Indian set-aside asks all states--rather than those few in which most Indian tribes are located--to share the burden of severe Indian unemployment.

2. A further set-aside of \$70 million is created for EDA to fund applicants who did not receive grants last December solely because of an error by a federal employee. EDA had requested an error set-aside that could be used not only for Round I errors but for errors the agency expects to make during Round II. However, the Congress appears to have limited the use of this set-aside to Round I errors, the argument being that EDA should not be given a "slush fund."

State Allocations. After the set-asides are established, each state will receive .75 percent--about \$28.7 million--of remaining available funds. (This is a 50 percent greater portion for minimum states than in Round I.) After state minimums are taken into consideration, remaining state allocations will be determined on the following formula: 65 percent based on the number of unemployed persons in each state, compared to the national total, and 35 percent allocated to states with unemployment rates above 6.5 percent. (Last year's allocation formula reserved the 35 percent portion for states with unemployment above the national rate, at that

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time about 7.8 percent.) The maximum state allocation, a provision that applies only to California, is 12.5 percent of available funds, or about \$500 million.

70/30 Split. The Round I requirement that 30 percent of all funds be spent in areas with unemployment below the national average is eliminated. It is likely that all additional funds will be spent in areas with unemployment above 6.5 percent or above the state-wide average unemployment rate, whichever is lower.

Project Areas. Applicants can no longer define unconventional or nonuniform project areas. Conference language requires a project area to be a city (with no size specified), a county, the balance of a county in which such a city is located, or--for urbanized areas only--a pocket of poverty.

Unemployment Data. Data for Round II must be an average of the most recent 12 months, which EDA now has available from the Bureau of Labor Statistics for every county, city over 50,000, and balance-of-county area in the nation. The conferees require EDA to use individual jurisdictional data for cities between 25,000 and 50,000 where states already have developed such data on a state-wide basis. While the conference report also gives EDA the authority to go to state employment security agencies for data on any city under 50,000, the language appears to leave this decision up to EDA officials, who probably will treat them as part of a county or balance-of-county area for this purpose.

Local Priorities. Any applicant submitting more than one application must rank preferences. EDA intends to fund according to local priorities whenever possible. Further, "priority and preference" will go to state or special-purpose government projects that are endorsed by a general-purpose local government.

Pockets of Poverty. Eligibility for "pockets of poverty" applications is now apparently limited to cities over 50,000; projects must be constructed in the area or neighborhood on which unemployment was determined.

School Districts. The law clearly states that school district projects are to receive the "full priority and preference" given to general-purpose local governments.

New Applications. EDA is not allowed to approve applications submitted after last December, except when there are not enough applications on file to use a project area's planning target (or "benchmark").

Substitution of Drought Projects. Any applicant that got a grant in December may use the grant funds for a substitute project to alleviate drought or other disaster-related conditions.

tem that reduces competition among different types of government within an area and greatly simplifies the scoring system.

Planning Targets. A planning target will be established for each city of more than 50,000 population (and perhaps cities over 25,000; the conference report is not clear); each balance-of-county area (county minus primary cities); and each county-wide area that has no primary city within it and that has a rate of unemployment above 6.5 percent or the state-wide average rate, whichever is lower. Planning targets, or "benchmarks," will be calculated on the same basis as state allocations: 65 percent based on number of unemployed persons (compared to state total) and 35 percent based on unemployment rate. Benchmarks will incorporate what funding an area received during the first round, that is, the benchmark will be established as if \$6 billion were now available (\$2 billion in Round I, \$4 billion in Round II); what an area received during Round I will be subtracted, and the "residual benchmark" will govern Round II.

County governments. Their benchmarks would be calculated separately in the following way. All benchmarks for areas within the whole county--primary cities plus balance of county--would be added together, then multiplied by a percentage to reach a benchmark for the county government. That "county demand percentage" would be different for each state and would represent the dollar volume of county government applications on file in each state compared to the state's total dollar volume of applications.

Ranking. In each state, all eligible areas--primary cities, balance-of-county areas, and counties without primary cities--would be ranked according to their benchmarks; the higher the benchmarks, the higher an area would rank. No other scoring factors would be used to rank applicants. As in Round I, EDA would go down the list for funding, trying to stay within the benchmarks wherever possible.

Balance-of-County Ranking. Once EDA reached a high-ranking balance-of-county area on the list, a separate ranking of all applicants within that area, mostly small municipalities, would come into play. Small balance-of-county cities would be ranked according to census tract unemployment data, data which is not as accurate as Bureau of Labor Statistics data for larger areas but which will at least allow EDA to make choices based on unemployment criteria. In order to stay within an area's benchmark, EDA apparently would skip over large projects when necessary.

School Districts. A school district located within a primary city could, according to EDA's tentative proposals, use up no more than 25 percent of that city's benchmark. Small cities in other areas also would receive priority over school district projects. Whether this proposal conforms to congressional intent that school projects be treated equally with city projects remains to be seen. The new plan is to let city

#### EDA Proposals for Implementation

EDA proposes a ranking and planning target sys-



and school district officials decide among themselves how a city's planning target will be divided. If they cannot come to agreement within a two-week period--apparently the first two weeks of June--EDA will make the decisions using criteria such as long-term benefits, labor intensity, and energy conservation.

Pockets of Poverty. Apparently there are no more than 100 or so primary city applications using

"pocket of poverty" unemployment that would otherwise be ineligible for funding because of low city-wide unemployment rates. In each state where these applications exist, a set-aside, probably 1 to 2 percent, would be created because the pocket-of-poverty areas do not conform readily to EDA's other proposals for benchmarking and ranking.

MUNICIPAL TECHNICAL ADVISORY SERVICE  
The University of Tennessee  
Knoxville, TN 37916

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